

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS

Primary Government Financial Statements
With Independent Auditors' Report

For the Year Ended June 30, 2010

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
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For the Year Ended June 30, 2010

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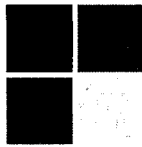
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For the Year Ended June 30, 2010

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Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District No. 313, Buhler, Kansas
Buhler, Kansas

We have audited the accompanying primary government financial statements of **Unified School District No. 313, Buhler, Kansas**, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of **Unified School District No. 313, Buhler, Kansas'** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and the audit guide require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements do not include financial data for the District's legally separate component unit, the Buhler USD Education Foundation. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the cash and unencumbered cash balances of the aggregate discretely presented component unit would have been reported as \$128,330 for the Buhler USD Education Foundation.

As described more fully in Note 1, **Unified School District No. 313, Buhler, Kansas** has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, whose practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Unified School District No. 313, Buhler, Kansas** as of June 30, 2010, or the changes in its financial position for the year then ended. Further, **Unified School District No. 313, Buhler, Kansas** has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Unified School District No. 313, Buhler, Kansas
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In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **Unified School District No. 313, Buhler, Kansas**, as of June 30, 2010, and their respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2011 on our consideration of **Unified School District No. 313, Buhler, Kansas'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Unified School District No. 313, Buhler, Kansas'** financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

January 10, 2011

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended June 30, 2010

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Categories							
General Funds							
General Fund	\$ (993,742)	-	13,286,873	13,216,843	(923,712)	10,416	(913,296)
Supplemental General Fund	(112,332)	-	4,278,343	4,363,648	(197,637)	-	(197,637)
Special Revenue Funds							
Capital Outlay Fund	245,134	-	1,142,312	1,224,963	162,483	67,909	230,392
Driver Training Fund	78,079	-	79,784	90,130	67,733	-	67,733
Food Service Fund	202,934	-	1,197,245	1,184,457	215,722	326	216,048
Professional Development Fund	10,000	-	10,340	10,340	10,000	-	10,000
Parent Education Fund	17,868	-	17,000	16,004	18,864	-	18,864
Special Education Fund	527,284	-	3,112,775	2,918,844	721,215	-	721,215
Vocational Education Fund	-	-	618,661	618,661	-	72,392	72,392
KPERS Retirement Contributions Fund	-	-	809,859	809,859	-	-	-
Gifts and Grants Fund	22,476	-	109,501	37,745	94,232	5,000	99,232
Bilingual Education Fund	50,000	-	11,304	61,304	-	2,000	2,000
Contingency Reserve Fund	428,414	-	-	-	428,414	-	428,414
Student Material Fund	-	-	142,848	131,843	11,005	37,483	48,488
Buhler CARES Programs Fund	13,106	-	122,745	129,121	6,730	-	6,730
Title I Fund	-	-	337,573	273,726	63,847	755	64,602
Title IIA Fund	-	988	54,635	39,635	15,988	159	16,147
Title IID Technology Education Fund	-	-	6,269	6,112	157	-	157
Title IV Fund	-	-	5,559	38	5,521	-	5,521
PEP Grant Fund	-	-	201,577	202,956	(1,379)	6,409	5,030
Obee TRC Grant Fund	(13,723)	-	13,723	-	-	-	-
Prosperity TRC Grant Fund	(72,040)	-	132,801	60,761	-	-	-
At Risk Fund	-	-	754,178	653,983	100,195	12,531	112,726
Universal Kindergarten Fund	(27,864)	-	66,265	44,374	(5,973)	-	(5,973)
BGS TRC Grant Fund	-	-	33,768	34,508	(740)	740	-
PHMS TRC Grant Fund	6,370	-	3,991	20,889	(10,528)	11,969	1,441
District Activity Funds	98,955	-	503,110	444,740	157,325	-	157,325
Debt Service Fund							
Bond and Interest Fund	1,434,928	-	1,417,929	1,403,731	1,449,126	-	1,449,126
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 1,915,847</u>	<u>988</u>	<u>28,470,968</u>	<u>27,999,215</u>	<u>2,388,588</u>	<u>228,089</u>	<u>2,616,677</u>
		Composition of Cash					
		Checking Accounts					\$ 2,660,090
		Less Agency Funds per Statement 4					(43,413)
		Total Reporting Entity (Excluding Agency Funds)					<u>\$ 2,616,677</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
 Summary of Expenditures - Actual and Budget
 For the Year Ended June 30, 2010

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Fund Categories						
General Funds						
General Fund	\$ 14,000,386	(924,877)	141,334	13,216,843	13,216,843	-
Supplemental General Fund	4,507,676	(144,028)	-	4,363,648	4,363,648	-
Special Revenue Funds						
Capital Outlay Fund	1,379,011	-	-	1,379,011	1,224,963	(154,048)
Driver Training Fund	125,500	-	-	125,500	90,130	(35,370)
Food Service Fund	1,558,364	-	-	1,558,364	1,184,457	(373,907)
Professional Development Fund	10,500	-	-	10,500	10,340	(160)
Parent Education Fund	17,000	-	-	17,000	16,004	(996)
Special Education Fund	3,477,283	-	-	3,477,283	2,918,844	(558,439)
Vocational Education Fund	675,000	-	-	675,000	618,661	(56,339)
KPERS Retirement Contributions Fund	903,310	-	-	903,310	809,859	(93,451)
Gifts and Grants Fund	22,477	-	109,501	131,978	37,745	(94,233)
Bilingual Education Fund	80,000	-	-	80,000	61,304	(18,696)
At-Risk Fund	803,557	-	-	803,557	653,983	(149,574)
Debt Service Fund						
Bond and Interest Fund	1,403,799	-	-	1,403,799	1,403,731	(68)

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS

General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Current Year		Variance
	Prior Year	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 2,127,822	2,126,792	2,104,988	21,804
Delinquent Tax	46,973	40,275	32,995	7,280
Severance Tax	6,082	2,241	-	2,241
Motor Vehicle Tax	14,839	-	-	-
Intergovernmental Revenues				
Equalization Aid	9,709,007	8,268,248	9,238,188	(969,940)
Special Education	2,427,444	2,108,270	2,013,070	95,200
Federal Aid - ARRA	-	598,713	598,713	-
Federal Grant	-	1,000	-	1,000
Other State Aid	4,000	-	-	-
Reimbursed Expenses	192,960	141,334 (a)	-	141,334
Total Cash Receipts	14,529,127	13,286,873	13,987,954	(701,081)
Expenditures				
Instruction	5,981,564	5,628,905	5,772,958	(144,053)
Student Support Services	428,988	436,299	487,153	(50,854)
Instructional Support Staff	453,117	434,054	356,000	78,054
General Administration	477,092	462,664	456,500	6,164
School Administration	1,181,651	1,129,158	1,160,000	(30,842)
Other Supplemental Services	807,741	706,707	747,725	(41,018)
Operations and Maintenance	1,956,647	1,608,927	1,808,900	(199,973)
Student Activities	164,069	104,143	117,000	(12,857)
Student Transportation	673,389	565,417	594,150	(28,733)
Professional Development	14,479	19,816	-	19,816
Operating Transfers	2,527,444	2,120,753	2,500,000	(379,247)
Adjustment to Comply with Legal Max	-	-	(924,877)	924,877
Legal General Fund Budget	14,666,181	13,216,843	13,075,509	141,334
(a) Adjustment for Qualifying Budget Credits	-	-	141,334	(141,334)
Total Expenditures	14,666,181	13,216,843	13,216,843	-
Cash Receipts Over (Under) Expenditures	(137,054)	70,030		
Unencumbered Cash - Beginning	(856,688)	(993,742)		
Unencumbered Cash - Ending	\$ (993,742)	(923,712)		
(a) Adjustment for Qualifying Budget Credits				
Reimbursements Over Amounts Budgeted			\$ 141,334	

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Supplemental General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 2,355,742	2,059,570	1,985,452	74,118
Delinquent Tax	49,461	48,502	36,602	11,900
Motor Vehicle Tax	323,025	301,222	318,319	(17,097)
Intergovernmental Revenues				
State Aid	1,570,302	1,392,216	1,944,476	(552,260)
Federal Aid - ARRA	-	476,833	-	476,833
Reimbursed Expenses	215	-	-	-
Total Cash Receipts	<u>4,298,745</u>	<u>4,278,343</u>	<u>4,284,849</u>	<u>(6,506)</u>
Expenditures				
Instruction	1,573,450	1,514,874	1,723,819	(208,945)
Student Support Services	5,076	-	30,000	(30,000)
General Administration	-	6,558	-	6,558
Other Supplemental Services	2,418	2,490	40,000	(37,510)
Operations and Maintenance	265,280	280,949	338,000	(57,051)
Capital Outlay	22,232	21,778	-	21,778
Operating Transfers	2,501,391	2,536,999	2,375,857	161,142
Adjustment to Comply with Legal Max	-	-	(144,028)	144,028
Total Expenditures	<u>4,369,847</u>	<u>4,363,648</u>	<u>4,363,648</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	(71,102)	(85,305)		
Unencumbered Cash - Beginning	<u>(41,230)</u>	<u>(112,332)</u>		
Unencumbered Cash - Ending	\$ <u>(112,332)</u>	<u>(197,637)</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Capital Outlay Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 696,961	928,094	977,971	(49,877)
Delinquent Tax	18,040	15,633	16,246	(613)
Motor Vehicle Tax	111,160	97,173	154,566	(57,393)
Intergovernmental Revenue				
State Aid	187,476	-	-	-
Interest on Idle Funds	40,815	26,440	60,000	(33,560)
Rental Income	4,227	325	-	325
Other Income	30,288	62,164	40,000	22,164
	-	12,483	-	12,483
Total Cash Receipts	1,088,967	1,142,312	1,248,783	(106,471)
Expenditures				
Instruction	570,722	283,897	600,000	(316,103)
Operations and Maintenance	77,098	383,609	200,000	183,609
Student Transportation	194,571	213,244	200,000	13,244
Site Acquisition	-	-	39,011	(39,011)
Facility Acquisition and Construction	508,820	344,213	340,000	4,213
Total Expenditures	1,351,211	1,224,963	1,379,011	(154,048)
Cash Receipts Over (Under) Expenditures	(262,244)	(82,651)		
Unencumbered Cash - Beginning	507,378	245,134		
Unencumbered Cash - Ending	\$ 245,134	162,483		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Driver Training Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 9,576	13,800	15,000	(1,200)
Fees	73,333	65,984	80,000	(14,016)
Total Cash Receipts	<u>82,909</u>	<u>79,784</u>	<u>95,000</u>	<u>(15,216)</u>
Expenditures				
Instruction	63,360	86,201	95,500	(9,299)
Vehicle Operations	3,139	3,929	30,000	(26,071)
Total Expenditures	<u>66,499</u>	<u>90,130</u>	<u>125,500</u>	<u>(35,370)</u>
Cash Receipts Over (Under) Expenditures	16,410	(10,346)		
Unencumbered Cash - Beginning	<u>61,669</u>	<u>78,079</u>		
Unencumbered Cash - Ending	<u>\$ 78,079</u>	<u>67,733</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Food Service Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenues				
State Aid	\$ 13,378	12,779	14,355	(1,576)
Federal Aid	446,017	487,629	480,225	7,404
Lunch Receipts				
Students	463,921	601,871	511,050	90,821
Adults	205,042	68,420	229,800	(161,380)
Other Income	77,118	26,546	120,000	(93,454)
Total Cash Receipts	<u>1,205,476</u>	<u>1,197,245</u>	<u>1,355,430</u>	<u>(158,185)</u>
Expenditures				
Operations and Maintenance	20,115	26,442	107,364	(80,922)
Food Service Operation	1,166,273	1,158,015	1,451,000	(292,985)
Total Expenditures	<u>1,186,388</u>	<u>1,184,457</u>	<u>1,558,364</u>	<u>(373,907)</u>
Cash Receipts Over (Under) Expenditures	19,088	12,788		
Unencumbered Cash - Beginning	<u>183,846</u>	<u>202,934</u>		
Unencumbered Cash - Ending	\$ <u>202,934</u>	<u>215,722</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Professional Development Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 17,322	-	-	-
Operating Transfers	83,509	10,340	500	9,840
Total Cash Receipts	100,831	10,340	500	9,840
Expenditures				
Instructional Support Staff	141,291	10,340	10,500	(160)
Cash Receipts Over (Under) Expenditures	(40,460)	-		
Unencumbered Cash - Beginning	50,000	10,000		
Prior Year Cancelled Encumbrances	460	-		
Unencumbered Cash - Ending	\$ 10,000	10,000		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Parent Education Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Operating Transfers	\$ 17,000	17,000	17,000	-
Expenditures				
Student Support Services	16,132	16,004	17,000	(996)
Cash Receipts Over (Under) Expenditures	868	996		
Unencumbered Cash - Beginning	17,000	17,868		
Unencumbered Cash - Ending	\$ 17,868	18,864		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Summer School Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Current Year		Variance Over (Under)
		Prior Year Actual	Actual	
Cash Receipts	\$	-	-	-
Expenditures				
Instruction		33,645	-	-
Cash Receipts Over (Under) Expenditures		(33,645)	-	
Unencumbered Cash - Beginning		33,645	-	
Unencumbered Cash - Ending	\$	-	-	

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Special Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Current Year		Variance
	Prior Year	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Operating Transfers	\$ 3,331,144	3,112,775	3,350,000	(237,225)
Expenditures				
Instruction	2,733,506	2,428,029	2,738,070	(310,041)
Student Transportation Services	473,608	490,815	739,213	(248,398)
Total Expenditures	3,207,114	2,918,844	3,477,283	(558,439)
Cash Receipts Over (Under) Expenditures	124,030	193,931		
Unencumbered Cash - Beginning	403,254	527,284		
Unencumbered Cash - Ending	\$ 527,284	721,215		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Vocational Education Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Other Fees	\$ -	4,000	-	4,000
Operating Transfers	580,727	614,661	675,000	(60,339)
Total Cash Receipts	<u>580,727</u>	<u>618,661</u>	<u>675,000</u>	<u>(56,339)</u>
Expenditures				
Instruction	579,683	617,333	673,400	(56,067)
Instructional Support Staff	498	678	600	78
Operations and Maintenance	546	650	1,000	(350)
Total Expenditures	<u>580,727</u>	<u>618,661</u>	<u>675,000</u>	<u>(56,339)</u>
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	<u>\$ -</u>	<u>-</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
KPERS Retirement Contributions Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 792,377	809,859	903,310	(93,451)
Expenditures				
Instruction	483,352	494,013	551,021	(57,008)
Student Support Services	23,771	24,296	27,098	(2,802)
Instructional Support Staff	23,771	24,296	27,098	(2,802)
General Administration	23,771	24,296	27,098	(2,802)
School Administration	63,390	64,789	72,264	(7,475)
Other Supplemental Services	23,771	24,296	27,098	(2,802)
Operations and Maintenance	63,390	64,789	72,264	(7,475)
Student Transportation	55,466	56,690	63,231	(6,541)
Food Service Operations	31,695	32,394	36,138	(3,744)
Total Expenditures	<u>792,377</u>	<u>809,859</u>	<u>903,310</u>	<u>(93,451)</u>
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	<u>\$ -</u>	<u>-</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS

Gifts and Grants Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Current Year		Variance
	Prior Year	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Intergovernmental Revenues				
State Grant	\$ -	6,930	-	6,930
Federal Grant	-	840	-	840
Other Revenue From Local Sources	18,172	101,731	-	101,731
Total Cash Receipts	18,172	109,501 (a)	-	109,501
Expenditures				
Instruction	10,727	37,745	22,477	15,268
(a) Adjustment for Qualifying Budget Credits	-	-	109,501	(109,501)
Total Expenditures	10,727	37,745	131,978	(94,233)
Cash Receipts Over (Under) Expenditures	7,445	71,756		
Unencumbered Cash - Beginning	15,031	22,476		
Unencumbered Cash - Ending	\$ 22,476	94,232		
(a) Adjustment for Qualifying Budget Credits				
Grants Received Over Amounts Budgeted			\$ 109,501	

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Bilingual Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Current Year		Variance Over (Under)
		Prior Year Actual	Actual	
Cash Receipts				
Operating Transfers	\$	69,829	11,304	<u>30,000</u> <u>(18,696)</u>
Expenditures				
Instruction		<u>69,829</u>	<u>61,304</u>	<u>80,000</u> <u>(18,696)</u>
Cash Receipts Over (Under) Expenditures		-	(50,000)	
Unencumbered Cash - Beginning		<u>50,000</u>	<u>50,000</u>	
Unencumbered Cash - Ending	\$	<u>50,000</u>	<u>-</u>	

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Contingency Reserve Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year
Cash Receipts		
Operating Transfers	\$ 100,000	-
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	100,000	-
Unencumbered Cash - Beginning	328,414	428,414
Unencumbered Cash - Ending	\$ 428,414	428,414

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Student Material Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year
Cash Receipts		
Book Rental Fees	\$ 95,648	97,650
Other Income	-	2,025
Operating Transfers	22,186	43,173
Total Cash Receipts	117,834	142,848
Expenditures		
Instruction	174,104	131,843
Cash Receipts Over (Under) Expenditures	(56,270)	11,005
Unencumbered Cash - Beginning	56,270	-
Unencumbered Cash - Ending	\$ -	11,005

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Buhler CARES Programs Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year
Cash Receipts		
Other Revenue From Local Sources	\$ 114,621	122,745
Expenditures		
Instruction	127,450	129,121
Worker's Compensation	363	-
Total Expenditures	127,813	129,121
Cash Receipts Over (Under) Expenditures	(13,192)	(6,376)
Unencumbered Cash - Beginning	26,298	13,106
Unencumbered Cash - Ending	\$ 13,106	6,730

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS

Title I Fund

Statement of Cash Receipts and Expenditures

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year
Cash Receipts		
Intergovernmental Revenues		
Federal Aid	\$ 213,505	223,367
Federal Aid - ARRA	-	114,206
Total Cash Receipts	213,505	337,573
Expenditures		
Instruction	206,525	216,623
Refunded ARRA Aid	-	57,103
Total Expenditures	206,525	273,726
Cash Receipts Over (Under) Expenditures	6,980	63,847
Unencumbered Cash - Beginning	(6,980)	-
Unencumbered Cash - Ending	\$ -	63,847

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Title IIA Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 55,050	54,635
Expenditures		
Instruction	55,050	39,635
Cash Receipts Over (Under) Expenditures	-	15,000
Unencumbered Cash - Beginning	-	-
Prior Year Cancelled Encumbrances	-	988
Unencumbered Cash - Ending	\$ -	15,988

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Title IID Technology Education Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year
Cash Receipts		
Intergovernmental Revenues		
Federal Aid	\$ 1,974	1,812
Federal Aid - ARRA	-	4,457
Total Cash Receipts	1,974	6,269
Expenditures		
Instruction	1,974	6,112
Cash Receipts Over (Under) Expenditures	-	157
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	157

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Title IV Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 5,662	5,559
Expenditures		
Instruction	5,662	38
Cash Receipts Over (Under) Expenditures	-	5,521
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	5,521

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
PEP Grant Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year
Cash Receipts		
Intergovernmental Revenue		
Federal Grant	\$ -	179,594
Reimbursed Expenses	-	431
Operating Transfers	-	21,552
Total Cash Receipts	-	201,577
Expenditures		
Instruction	-	202,956
Cash Receipts Over (Under) Expenditures	-	(1,379)
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	(1,379)

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Obee TRC Grant Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year
Cash Receipts		
Operating Transfers	\$ 70,000	13,723
Expenditures		
Instruction	35,403	-
Cash Receipts Over (Under) Expenditures	34,597	13,723
Unencumbered Cash - Beginning	(48,320)	(13,723)
Unencumbered Cash - Ending	\$ (13,723)	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Prosperity TRC Grant Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ -	100,000
Operating Transfers	-	32,801
Total Cash Receipts	-	132,801
Expenditures		
Instruction	5,017	60,650
Contractual	67,023	111
Total Expenditures	72,040	60,761
Cash Receipts Over (Under) Expenditures	(72,040)	72,040
Unencumbered Cash - Beginning	-	(72,040)
Unencumbered Cash - Ending	\$ (72,040)	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Perkins Reserve Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year
Cash Receipts		
Intergovernmental Revenue		
State Aid	\$ 13,171	-
Expenditures		
Instruction	13,171	-
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
At Risk Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Operating Transfers	\$ 727,170	754,172	803,557	(49,385)
Other Revenue From Local Sources	68	6	-	6
Total Cash Receipts	727,238	754,178	803,557	(49,379)
Expenditures				
Instruction	727,238	653,983	803,557	(149,574)
Cash Receipts Over (Under) Expenditures	-	100,195		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	100,195		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Universal Kindergarten Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year
Cash Receipts		
Private Grant Aid	\$ 30,079	66,265
Expenditures		
Instruction	44,250	44,374
Cash Receipts Over (Under) Expenditures	(14,171)	21,891
Unencumbered Cash - Beginning	(13,693)	(27,864)
Unencumbered Cash - Ending	\$ (27,864)	(5,973)

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
BGS TRC Grant Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 120,000	20,000
Operating Transfers	27,270	13,768
Total Cash Receipts	147,270	33,768
Expenditures		
Instruction	32,193	30,308
Indirect Costs	6,281	700
Contractual	18,733	3,500
Total Expenditures	57,207	34,508
Cash Receipts Over (Under) Expenditures	90,063	(740)
Unencumbered Cash - Beginning	(90,063)	-
Unencumbered Cash - Ending	\$ -	(740)

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
PHMS TRC Grant Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year
Cash Receipts		
Other Grants	\$ 3,721	3,991
Expenditures		
Instruction	3,726	20,889
Cash Receipts Over (Under) Expenditures	(5)	(16,898)
Unencumbered Cash - Beginning	6,375	6,370
Unencumbered Cash - Ending	\$ 6,370	(10,528)

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Bond and Interest Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 725,366	906,684	12,183	894,501
Delinquent Tax	18,944	16,741	16,855	(114)
Motor Vehicle Tax	120,319	101,460	161,422	(59,962)
Intergovernmental Revenue				
State Aid	330,097	393,044	723,141	(330,097)
Total Cash Receipts	<u>1,194,726</u>	<u>1,417,929</u>	<u>913,601</u>	<u>504,328</u>
Expenditures				
Principal Payments	995,000	1,065,000	1,065,000	-
Interest Payments	394,550	338,728	338,729	(1)
Commission and Postage	-	3	70	(67)
Total Expenditures	<u>1,389,550</u>	<u>1,403,731</u>	<u>1,403,799</u>	<u>(68)</u>
Cash Receipts Over (Under) Expenditures	(194,824)	14,198		
Unencumbered Cash - Beginning	<u>1,629,752</u>	<u>1,434,928</u>		
Unencumbered Cash - Ending	\$ <u>1,434,928</u>	<u>1,449,126</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS

Agency Funds

Summary of Cash Receipts and Cash Disbursements

For the Year Ended June 30, 2010

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Organization Funds				
Buhler High School				
Art Club	\$ 113	1,278	229	1,162
"B" Club	1,180	-	1,180	-
Buhler Singers	2,571	46,958	42,957	6,572
Cheerleaders	5,392	31,197	25,855	10,734
Dance Team	773	176	-	949
Debate	652	7,771	7,756	667
FBLA	228	-	-	228
FCA	1,358	5,473	3,475	3,356
FCCLA	996	3,716	3,134	1,578
FFA	3,334	117,576	120,775	135
French Club	227	294	270	251
International Club	231	100	15	316
Junior Class	2,070	4,795	4,923	1,942
Key Club	768	1,570	2,151	187
National Honor Society	48	200	25	223
SADD	1,036	-	500	536
Scholars Bowl	701	781	354	1,128
Science Club	482	858	727	613
Senior Class	1,321	3,582	2,842	2,061
Spanish Club	683	1,740	1,957	466
Student Council	1,012	4,780	5,140	652
Robotics Club	767	542	435	874
Maroon Cru	221	1,416	1,517	120
Creative Writing Club	353	-	-	353
Total Buhler High School	26,517	234,803	226,217	35,103
Prairie Hills Middle School				
Student Council	1,180	5,742	2,726	4,196
Band Projects	(121)	5,441	4,276	1,044
Total Prairie Hills Middle School	1,059	11,183	7,002	5,240
Other Agency Funds				
District Payroll Clearing Fund	28,895	1,469,870	1,496,262	2,503
Buhler High School Sales Tax	-	3,500	3,129	371
Prairie Hills Middle School Sales Tax	180	742	726	196
Total Other Agency Funds	29,075	1,474,112	1,500,117	3,070
Total Agency Funds	\$ 56,651	1,720,098	1,733,336	43,413

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
District Activity Funds
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2010

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Buhler High School						
Activity Tickets	\$ 486	11,732	11,306	912	-	912
Athletics	39,923	199,135	175,413	63,645	-	63,645
Ag Mechanics	993	1,385	1,514	864	-	864
Color Guard	2,280	1,928	2,688	1,520	-	1,520
Dramatics	651	-	297	354	-	354
Fall Musical	779	8,008	6,211	2,576	-	2,576
General and Guidance	8,626	33,852	31,127	11,351	-	11,351
Instrumental Music	7,387	35,083	24,378	18,092	-	18,092
Plants Vo-Ag	649	3,626	1,750	2,525	-	2,525
Renaissance	218	-	218	-	-	-
Shop Projects	1,623	732	1,482	873	-	873
Student Flowers	508	-	28	480	-	480
Vocal Music	1,985	5,806	5,246	2,545	-	2,545
Yearbook and Journalism	788	5,385	2,172	4,001	-	4,001
Total Buhler High School	66,896	306,672	263,830	109,738	-	109,738
Prairie Hills Middle School						
Athletics	24,198	34,767	38,772	20,193	-	20,193
Magazine and Book Sales	533	5,002	4,972	563	-	563
Music Festival	58	11,258	11,258	58	-	58
Business Partner	17	-	-	17	-	17
Pencils	46	-	-	46	-	46
Total Prairie Hills Middle School	24,852	51,027	55,002	20,877	-	20,877
Buhler Grade School						
Buhler Cares	-	32,903	32,903	-	-	-
Special Projects	3,260	12,219	7,316	8,163	-	8,163
Total Buhler Grade School	3,260	45,122	40,219	8,163	-	8,163
Prosperity Grade School						
Student Projects	1,450	20,228	11,341	10,337	-	10,337
Band and Vocal Music	9	361	351	19	-	19
Total Prosperity Grade School	1,459	20,589	11,692	10,356	-	10,356
Obee Grade School						
Library Projects	190	5	171	24	-	24
Student Projects	1,973	7,218	4,544	4,647	-	4,647
Total Obee Grade School	2,163	7,223	4,715	4,671	-	4,671
Union Valley Grade School						
Cares Club	-	61,471	61,471	-	-	-
Student Projects	325	11,006	7,811	3,520	-	3,520
Total Union Valley Grade School	325	72,477	69,282	3,520	-	3,520
Total District Activity Funds	\$ 98,955	503,110	444,740	157,325	-	157,325

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 313, Buhler, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented in order to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. The financial statements of the District consist of all the funds of the District that are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

The following is a component unit of the District. The District exercises significant influence or accountability based primarily on operational or financial relationships with the District (as distinct from legal relationships).

Buhler USD Education Foundation

The Buhler USD Education Foundation is organized as a non-profit organization in the State of Kansas for the purpose of providing charitable and educational functions to the District. One member of the Board of Trustees of the Foundation is also a member of the Board of Education of the District. Their financial statements are not included in this report. Contact the District Clerk for information on how to obtain this financial information.

The District is the primary government as defined in GASB #14 and further amended by GASB #39. The School Board is elected by the public. The Board has the authority to make decisions, levy taxes, influence operations and has the primary accountability in fiscal matters.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from these estimates.

Basis of Presentation - Fund Accounting

The accounts of the District are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following categories of funds comprise the financial activities of the District for the year ended June 30, 2010.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Categories

General Funds – to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Fund - to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Fiduciary Fund Categories

Agency Funds – to account for assets held by the District as trustee or agent for others.

Student Activity Funds – an agency fund that accounts for the receipts and disbursements of monies from student activity organizations in which the students participate and are involved in the management of the organization's activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The student organization approves the expenditure, not the Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the statutory basis of accounting.

Departure From Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds.

Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget.

- a. Preparation of the budget for the succeeding fiscal year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments during the year ended June 30, 2010.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds and the following special revenue funds: Contingency Reserve Fund, Student Material Fund, Buhler CARES Programs Fund, Title I Fund, Title IIA Fund, Title IID Technology Education Fund, Title IV Fund, PEP Grant Fund, Obee TRC Grant Fund, Prosperity TRC Grant Fund, Universal Kindergarten Fund, BGS TRC Grant Fund, PHMS TRC Grant Fund and District Activity Funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or the use of internal spending limits established by the governing body.

Deposits and Investments

The District follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash is summarized by fund category in the summary of cash receipts, expenditures, and unencumbered cash.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold District funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District does not use "peak periods". All deposits were legally secured at June 30, 2010.

At June 30, 2010, the District's carrying amount of deposits was \$2,660,090, and the bank balance was \$4,084,554. Of the bank balance, \$462,691 was covered by FDIC insurance, \$1,676,253 was collateralized with securities held by the pledging institution's agents in the District's name, and \$1,945,610 was collateralized by Federal Home Loan Bank Letters of Credit.

Compensated Absences

Sick Leave

Certified Employees – The policy regarding sick pay is that each full-time teacher will be allowed 15 days sick leave the first year of employment and 10 days per year, thereafter, accumulative to 70 days. Administrative personnel may accumulate up to 75 days.

Teachers employed part-time shall be granted leave on a pro-rated basis. Certified employees will be compensated for unused sick leave at the rate of \$20 per day upon retirement or early retirement from the District when in compliance with the early retirement eligibility guidelines.

Classified Employees - Each classified employee will be allowed 1 sick day per month of contracted employment immediately following the successful completion of any initial probationary period cumulative to a maximum of 70 days. Any employee who has reached age 60 and has at least 10 consecutive years employment with the District, may, upon retirement, apply for payment of unused sick leave at a rate of \$20 per day.

The total potential sick leave liability at June 30, 2010 was \$53,902.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Vacation Leave

Classified employees under contract for 12 months will receive non-accumulative vacation pay according to the following schedule:

1. Five days per year after the first and second year of employment.
2. Ten days per year after the third through the ninth year of employment.
3. Fifteen days per year after the tenth year of employment.

All vacation pay must be used by June 30 of each year or forfeited. Consequently, there is no liability for vacation leave at June 30, 2010.

Personal Leave

Certified Employees - Each employee is allowed two days of personal leave each contract year accumulative to three to five days based upon years of service.

Classified Employees - Each full-time and part-time contracted employee is allowed three days non-accumulative personal leave each year.

Personal leave is forfeited upon termination. Consequently, there is no liability for personal leave at June 30, 2010.

Defined Benefit Pension Plan

Plan Description

The District contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603-3803) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% and 6% (if hired on or after July 1, 2009) of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve actuarially determined contribution rate. The State currently contributes 8.57% of covered payroll and 16.07% for non-licensed KPERS retirees. These contribution requirements are established by KPERS and are periodically revised. The State of Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2010, 2009, and 2008 were \$248,468,186, \$242,277,363 and \$220,815,154 respectively, equal to the required contributions for each year.

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

Termination Benefits

The District provides an early retirement program for certain eligible employees. Generally, the employee must have completed 10 years of service with the District and have worked for the District through their 60th birthday or have reached an age and length of service in Kansas public schools totaling 85. Those eligible under this program may receive benefits for up to 5 years. Payments under this program were \$288,563 during the year ended June 30, 2010.

Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets

The District records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the receiving fund.

Reimbursements

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as expenditures approved in federal and state grant contracts.

NOTE 2 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis, as authorized by Kansas statutes. **Unified School District No. 313, Buhler, Kansas'** interfund transfers and statutory authority for June 30, 2010 were as follows:

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 2 – INTERFUND TRANSFERS (continued)

From	To	Statutory Authority	Amount
General Fund	Special Education Fund	K.S.A. 72-6428	\$ 2,108,270
General Fund	Capital Outlay Fund	K.S.A. 72-6428	12,483
Supplemental General Fund	Student Material Fund	K.S.A. 72-6433	43,173
Supplemental General Fund	Bilingual Education Fund	K.S.A. 72-6433	11,304
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6433	10,340
Supplemental General Fund	Parent Education Fund	K.S.A. 72-6433	17,000
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	1,004,505
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6433	614,661
Supplemental General Fund	PEP Grant Fund	K.S.A. 72-6433	21,552
Supplemental General Fund	Obee TRC Grant Fund	K.S.A. 72-6433	13,723
Supplemental General Fund	BGS TRC Grant Fund	K.S.A. 72-6433	13,768
Supplemental General Fund	Prosperity TRC Grant Fund	K.S.A. 72-6433	32,801
Supplemental General Fund	At Risk Fund	K.S.A. 72-6433	754,172

NOTE 3 – LITIGATION

Unified School District No. 313, Buhler, Kansas is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the District.

NOTE 4 – RISK MANAGEMENT

Unified School District No. 313, Buhler, Kansas is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has been unable to obtain health insurance at a cost it considered to be economically justifiable. For this reason, the District joined together with other school districts in the State to participate in the Educational Services and Staff Development Association of Central Kansas (ESSDACK) Health Insurance Group, a public entity risk pool operating as a common risk management and insurance program for numerous participating districts.

The District pays a monthly premium to the ESSDACK Health Insurance Group for its health insurance coverage. The agreement to participate provides that the ESSDACK Health Insurance Group will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. Additional premiums may be due if total claims for the pool are different than anticipated by ESSDACK Health Insurance Group management.

The District continues to carry commercial insurance for all other risks of loss, including property, general liability, inland marine, automobile, umbrella, linebacker, and employee dishonesty. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 5 – GRANTS AND SHARED REVENUES

Unified School District No. 313, Buhler, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as a result of the audit, is not believed to be material.

NOTE 6 – COMPARATIVE DATA

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in **Unified School District No. 313, Buhler, Kansas'** cash and unencumbered cash balances. However, complete comparative data (presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

NOTE 7 – RELATED PARTY TRANSACTIONS

Unified School District No. 313, Buhler, Kansas contracted Wray & Sons Roofing, Inc. for various repair projects during the 2010 fiscal year. The total remitted to Wray & Sons Roofing, Inc. during the 2010 fiscal year was \$162,108. One of the owners of Wray & Sons Roofing, Inc. is a school board member.

The District also purchased services and supplies from Becker Tire and Treading, Inc. The total remitted to Becker Tire and Treading, Inc. during the 2010 fiscal year was \$15,265. One of the owners of Becker Tire and Treading, Inc. is the spouse of the Business Manager.

The District also purchased services from First National Travel. The total remitted to First National Travel during the 2010 fiscal year was \$3,601. One of the owners of First National Travel is a school board member.

NOTE 8 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Unified School District No. 313, Buhler, Kansas' books indicate a negative unencumbered cash balance, which is a violation of K.S.A. 10-1113. The fund in violation and amount is as follows:

<u>Fund Name</u>	<u>Amount</u>
BGS TRC Grant Fund	\$ 740

NOTE 9 – LONG-TERM DEBT

Unified School District No. 313, Buhler, Kansas has the following types of long-term debt.

General Obligation Bonds

On March 1, 1997, the District issued \$16,000,000 in Series 1996B bonds to construct, renovate, improve, equip, furnish, repair, remodel and update the Buhler High School, Prairie Hills Middle School, Buhler Grade School, Union Valley Grade School, Prosperity Grade School, and Obee Grade School.

On July 1, 2003, the District issued \$8,985,000 Series 2003 refunding bonds for the purpose of providing funds for refunding an equal amount of the Series 1996B bonds.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 9 – LONG-TERM DEBT (continued)

Lease Obligations

The District has entered various lease agreements with a options to purchase at the expiration of the lease terms. The leases contain a fiscal funding clause.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 9 - LONG-TERM DEBT (continued)

Changes in long-term liabilities for the District for the year ended June 30, 2010 were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
Building Bonds, Series 1996 B	5.90%	03/01/1997	\$ 16,000,000	09/01/2010	\$ 1,920,000	-	925,000	(925,000)	995,000	85,993
Refunding Bonds, Series 2003	2.6% - 3.5%	07/01/2003	8,985,000	09/01/2016	7,890,000	-	140,000	(140,000)	7,750,000	252,735
Capital Leases Payable										
Computers	8.33%	03/14/2007	201,384	07/05/2009	53,347	-	53,347	(53,347)	-	4,421
Computers	5.57%	12/16/2006	145,465	07/05/2010	74,862	-	36,417	(36,417)	38,445	4,169
Buses	4.24%	09/10/2007	713,231	06/18/2012	441,644	-	141,146	(141,146)	300,498	18,726
Band Equipment	5.00%	04/22/2008	25,734	07/01/2012	20,587	-	5,147	(5,147)	15,440	568
Band Equipment	6.00%	05/17/2005	28,819	07/01/2009	5,764	-	5,764	(5,764)	-	646
Energy Management System	4.25%-Var	04/13/2005	1,200,000	03/01/2015	1,025,000	-	25,000	(25,000)	1,000,000	43,563
Total Contractual Indebtedness					11,431,204	-	1,331,821	(1,331,821)	10,099,383	410,821
Compensated Absences					308,416	-	-	(254,514)	53,902	-
Total Long-Term Debt					\$ 11,739,620	-	1,331,821	(1,586,335)	10,153,285	410,821

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	2011	2012	2013	2014	2015	2015-2016	Total
Principal							
General Obligation Building Bonds	\$ 995,000	-	-	-	-	-	995,000
General Obligation Refunding Bonds	140,000	1,210,000	1,260,000	1,315,000	1,375,000	2,450,000	7,750,000
Capital Leases	215,526	188,538	35,319	30,000	885,000	-	1,354,383
Total Principal	1,350,526	1,398,538	1,295,319	1,345,000	2,260,000	2,450,000	10,099,383
Interest							
General Obligation Building Bonds	29,352	-	-	-	-	-	29,352
General Obligation Refunding Bonds	249,235	229,265	191,427	150,371	106,659	77,683	1,004,640
Capital Leases	58,147	48,486	40,559	38,888	37,613	-	223,693
Total Interest	336,734	277,751	231,986	189,259	144,272	77,683	1,257,685
Total Principal and Interest	\$ 1,687,260	1,676,289	1,527,305	1,534,259	2,404,272	2,527,683	11,357,068

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 11 - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenues as required by these statutes.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS

General Fund

Statutory Revenues and Expenditures - Statutory and Budget

For the Year Ended June 30, 2010

	<u>Statutory Transactions</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Statutory Revenues			
Taxes and Shared Revenues			
Ad Valorem Tax	\$ 2,126,792	2,104,988	21,804
Delinquent Tax	40,275	32,995	7,280
Severance Tax	2,241	-	2,241
Intergovernmental Revenues			
Equalization Aid	8,187,737	9,238,188	(1,050,451)
Special Education	2,108,270	2,013,070	95,200
Federal Aid - ARRA	598,713	598,713	-
Federal Grant	1,000	-	1,000
Reimbursed Expenses	<u>141,334 (a)</u>	<u>-</u>	<u>141,334</u>
Total Statutory Revenues	<u>13,206,362</u>	<u>13,987,954</u>	<u>(781,592)</u>
Expenditures			
Instruction	5,628,905	5,772,958	(144,053)
Student Support Services	436,299	487,153	(50,854)
Instructional Support Staff	434,054	356,000	78,054
General Administration	462,664	456,500	6,164
School Administration	1,129,158	1,160,000	(30,842)
Other Supplemental Services	706,707	747,725	(41,018)
Operations and Maintenance	1,608,927	1,808,900	(199,973)
Student Activities	104,143	117,000	(12,857)
Student Transportation	565,417	594,150	(28,733)
Professional Development	19,816	-	19,816
Operating Transfers	2,120,753	2,500,000	(379,247)
Adjustment to Comply with Legal Max	<u>-</u>	<u>(924,877)</u>	<u>924,877</u>
Legal General Fund Budget	<u>13,216,843</u>	<u>13,075,509</u>	<u>141,334</u>
(a) Adjustment for Qualifying Budget Credits	<u>-</u>	<u>141,334</u>	<u>(141,334)</u>
Total Expenditures and Legal General Fund Budget	<u>13,216,843</u>	<u>13,216,843</u>	<u>-</u>
Statutory Revenue Over (Under) Expenditures	<u>(10,481)</u>		
Modified Unencumbered Cash - Beginning	<u>11,480</u>		
Modified Unencumbered Cash - Ending	<u>\$ 999</u>		
(a) Adjustment for Qualifying Budget Credits			
Reimbursements Over Amounts Budgeted		<u>\$ 141,334</u>	

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 11 - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d) (continued)

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS

Supplemental General Fund

Statutory Revenues and Expenditures - Statutory and Budget

For the Year Ended June 30, 2010

	<u>Statutory Transactions</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Statutory Revenues			
Taxes and Shared Revenues			
Ad Valorem Tax	\$ 2,059,570	1,985,452	74,118
Delinquent Tax	48,502	36,602	11,900
Motor Vehicle Tax	301,222	318,319	(17,097)
Intergovernmental Revenues			
State Aid	1,401,154	1,944,476	(552,260)
Federal Aid - ARRA	476,833	-	476,833
Total Statutory Revenues	<u>4,287,281</u>	<u>4,284,849</u>	<u>(6,506)</u>
Expenditures			
Instruction	1,514,874	1,723,819	(208,945)
Student Support Services	-	30,000	(30,000)
General Administration	6,558	-	6,558
Other Supplemental Services	2,490	40,000	(37,510)
Operations and Maintenance	280,949	338,000	(57,051)
Capital Outlay	21,778	-	21,778
Operating Transfers	2,536,999	2,375,857	161,142
Adjustment to Comply with Legal Max	-	(144,028)	144,028
Total Expenditures and Legal Supplemental General Fund Budget	<u>4,363,648</u>	<u>4,363,648</u>	<u>-</u>
Statutory Revenue Over (Under) Expenditures	(76,367)		
Modified Unencumbered Cash, July 1	<u>222,868</u>		
Modified Unencumbered Cash, June 30	\$ <u>146,501</u>		

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS

Supplementary Information

Certified
Public
Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education
Unified School District No. 313, Buhler, Kansas
Buhler, Kansas

We have audited the primary government financial statements of **Unified School District No. 313, Buhler, Kansas** as of and for the year ended June 30, 2010, and have issued our report thereon dated January 10, 2011. The report on the audited financial statements was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unqualified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered **Unified School District No. 313, Buhler, Kansas'** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Unified School District No. 313, Buhler, Kansas'** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **Unified School District No. 313, Buhler, Kansas'** internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as 10-A and 10-B that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Unified School District No. 313, Buhler, Kansas'** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of **Unified School District No. 313, Buhler, Kansas** in a separate letter dated January 10, 2011.

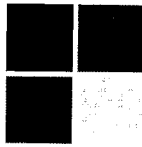
Unified School District No. 313, Buhler, Kansas' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit **Unified School District No. 313, Buhler, Kansas'** response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies and pass-thru entities, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Adams, Brown, Beran & Ball", is written over the printed name of the firm.

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

January 10, 2011



Certified
Public
Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education

Unified School District No. 313, Buhler, Kansas

Buhler, Kansas

Compliance

We have audited **Unified School District No. 313, Buhler, Kansas'** compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of **Unified School District No. 313, Buhler, Kansas'** major federal programs for the year ended June 30, 2010. **Unified School District No. 313, Buhler, Kansas'** major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of **Unified School District No. 313, Buhler, Kansas'** management. Our responsibility is to express an opinion on **Unified School District No. 313, Buhler, Kansas'** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the *Kansas Municipal Audit Guide*; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, the audit guide and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Unified School District No. 313, Buhler, Kansas'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **Unified School District No. 313, Buhler, Kansas'** compliance with those requirements.

In our opinion, **Unified School District No. 313, Buhler, Kansas** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of **Unified School District No. 313, Buhler, Kansas** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered **Unified School District No. 313, Buhler, Kansas'** internal control over compliance with the requirements that could have a

Unified School District No. 313, Buhler, Kansas

Page Two

direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Unified School District No. 313, Buhler, Kansas'** internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and is not intended to be and should not be used by anyone other than these specified parties.


ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

January 10, 2011

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:

Unqualified

Internal control over financial reporting

- | | | | | |
|---|-------------------|-----|-------------------|---------------|
| • Material weakness identified? | <u> </u> | Yes | <u> X </u> | No |
| • Significant deficiency identified? | <u> X </u> | Yes | <u> </u> | None reported |
| • Noncompliance material to financial statements noted? | <u> </u> | Yes | <u> X </u> | No |

FEDERAL AWARDS

Internal control over major programs:

- | | | | | |
|--------------------------------------|-------------------|-----|------------------|---------------|
| • Material weakness identified? | <u> </u> | Yes | <u> X </u> | No |
| • Significant deficiency identified? | <u> </u> | Yes | <u> X </u> | None reported |

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

 Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
--------------------	--------------------------------

Other Grants -

84.394	State Fiscal Stabilization Fund (SFSF) - Basic Grants to States-ARRA
--------	--

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

 Yes X No

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS

A. Significant Deficiency in Internal Control

10-A

Criteria

Internal controls should be in place to insure that employees do not have incompatible duties.

Condition

The District did not have adequate segregation of duties.

Effect

Management may not become aware of problems or irregularities within a timely manner.

Cause

The District is unable to hire additional personnel to remedy, due to its size and financial resources.

Recommendation

There is no recommendation. The size of the District precludes management from hiring additional personnel. It would not be feasible for the District to have adequate segregation of duties.

Views of Responsible Officials and Planned Corrective Actions

The District is aware that several employees have incompatible duties, however, due to its size and financial resources, it is unable to hire additional personnel.

10-B

Criteria

Client personnel responsible for the accounting and reporting function should have the necessary skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or when preparing financial statements.

Condition

Client personnel responsible for the accounting and reporting function do not have the necessary skills and knowledge to apply generally accepted accounting principles.

Effect

Financial transactions and financial statements may not properly reflect financial information in accordance with generally accepted accounting principles.

Cause

The District's accounting personnel are unable to obtain the training necessary to obtain these skills due to its size and financial resources.

Recommendation

Continual training of accounting personnel should be implemented to ensure financial transactions and financial statements are being presented as accurately as possible.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

A. Significant Deficiency in Internal Control (continued)

Views of Responsible Officials and Planned Corrective Actions

The District is aware that personnel responsible for the accounting and reporting function do not have the necessary skills and knowledge to apply generally accepted accounting principles. However, due to the size and financial resources of the District, it would not be feasible to obtain the necessary training.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs are required to be disclosed under OMB Circular A-133.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2010

No material findings or questioned costs for the year ended June 30, 2009 are required to be disclosed under OMB Circular A-133.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Agency or Pass Through Number	Federal Expenditures
U.S. Department of Education			
Passed Through State Department of Education			
Title I, Part A Cluster -			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 158,765
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	<u>57,103</u>
Total Title I, Part A Cluster			<u>215,868</u>
Education Technology State Grants Cluster -			
Education Technology State Grants	84.318	N/A	1,655
Enhancing Education Through Technology Program	84.318	N/A	81,866
ARRA - Education Technology State Grants, Recovery Act	84.386	N/A	<u>4,457</u>
Total Education Technology State Grants Cluster			<u>87,978</u>
Career and Technical Education - Basic Grants to States	84.048	N/A	9,331
Safe and Drug Free Schools and Communities - State Grants	84.186	N/A	38
School Preparedness	84.302	N/A	875
Improving Teacher Quality State Grants	84.367	N/A	39,476
Statewide Data Systems	84.372	N/A	800
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	1,075,546
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	N/A	500
Fund for the Improvement of Education	84.215	N/A	<u>179,594</u>
Total U.S. Department of Education			<u>1,610,006</u>
U.S. Department of Agriculture			
Passed Through State Department of Education			
Child Nutrition Cluster -			
National School Lunch Program	10.555	N/A	400,335
School Breakfast Program	10.553	N/A	<u>87,294</u>
Total Child Nutrition Cluster			487,629
Child and Adult Care Food Program	10.574	N/A	<u>759</u>
Total U.S. Department of Agriculture			<u>488,388</u>
Total Expenditures of Federal Awards			<u>\$ 2,098,394</u>

See accompanying notes to schedule of expenditures of federal awards.

UNIFIED SCHOOL DISTRICT NO. 313, BUHLER, KANSAS
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Unified School District No. 313, Buhler, Kansas**, and is presented on the basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.